GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1144
ANSWERED ON:04.12.2015
Bank Loan to State Electricity Boards
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Will the Minister of FINANCE be pleased to state:

(a) whether the loans given by PSBs to State Electricity Boards contribute a significant portion of stressed assets and if so, the details thereof;

(b) whether the Government has a specific plan to recover these loans;

(c) if so, the details thereof; and

(d) if not, the corrective steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a): The loans given by banks to state electricity distribution companies (DISCOMs) are under stress due to weak financial conditions of the discoms. The position of total Non-Performing Assets (NPAs) of State Electricity Boards (SEBs) in respect of Public Sector Banks is as under:
(Rs. in Crore)
Period Total Advances to SEBs Total NPAs in SEBs SEBs
NPAs Ratio Gross NPAs of
PSBs Gross NPA Ratio of PSBs %age NPAs of SEBs to PSBs
2013-14 1,81,163 616 0.34% 2,16,739 4.72% 0.28%
2014-15 2,19,165 1806 0.82% 2,67,065 5.43% 0.67%
*Sept -15 1,80,245 1487 0.82% 3,00,743 6.21% 0.49%
Source: RBI − Sept 2015 data provisional
(b) to (d): Government of India, has given its approval to a new scheme moved by the Ministry of Power - Ujwal DISCOM Assurance Yojana or UDAY. Some of the important features of UDAY are as follows:

The Cabinet has cleared Rs 3.27 lakh crore (from various Financial Institutions including Rs 1.95 lakh crore from banks) debt-recast and reform package to revive loss-making state discoms utilities. States have been given strong incentives such as cheaper power and more coal if they adopt the scheme and take over 75% of the debt of ailing distribution companies (discoms), half of it in the current fiscal year and 25% next year. States will issue bonds in the market or to the lenders, while the debt that is not taken over by the state will be converted into loans or bonds with interest rate not more than bank"s base rate plus 0.1%.
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